



Lincoln Regional Airport  
Lease, Rents, and Fees Policy  
Draft Version 07-18-2017  
City of Lincoln  
Lincoln, California

## **SECTION 1 - PURPOSE**

The City of Lincoln (City) established this Lease, Rents, and Fees Policy (Policy) for the Lincoln Regional Airport (Airport) to manage the occupation and use of the Airport property. As an Airport Sponsor and recipient of Federal Aviation Administration (FAA) Airport Improvement Program (AIP) grants, the City is obligated to operate the Airport for the use and benefit of the public and to make it available to all types and classes of aeronautical activities on fair and reasonable terms and conditions and without unjust discrimination. Given those objectives, the City developed this policy for leasing property and constructing improvements at the Airport.

This policy defines the allowable types of use for occupation of Airport premises, identifies types of agreements that are typically entered into between the Airport and lessees, and defines the rules and regulations enforced by the Airport and outside regulatory agencies.

In addition, this Policy outlines the processes that shall be used by the Airport to establish and adjust lease rates, rent, fees, and/or other charges associated with occupation for both commercial aviation and/or non-commercial general aviation purposes.

## **SECTION 2 - APPLICABILITY**

This Policy shall apply to any new Agreement or Lease or any new amendment to an existing Agreement or Lease. This Policy shall not affect any Agreement or amendment thereto that is properly executed prior to the date of adoption of this Policy, except as provided for in such Agreement, in which case, this Policy shall apply to the extent permitted by such Agreement.

Any person desiring to base or store an aircraft at the Airport on a non-transient basis shall enter into an agreement or lease with the City or enter into a sublease with an existing tenant. Such agreements shall include all applicable rates, fees, and charges and be bound to all Airport rules, regulations, and policies.

Any person desiring to construct an aircraft hangar(s), office, or other structure on Airport property shall enter into an agreement or lease with the City. Any person desiring to lease a hangar directly from the City shall enter into a lease with the City.

## **SECTION 3 - AUTHORITY**

The City's authority to execute and manage agreements and/or leases related to the Airport is

provided by the City's Municipal Code as described below:

- **City Manager Signature Authority:** The City Manager or designee is authorized to approve or otherwise act as a signatory on the following: Tie-Down Agreements, Lease Assignments, City-Owned Hangar Lease Agreements, City-Owned Portable Hangar Ground Lease Agreements, and all other Agreements that fall under the authority provided to the City Manager under the City's Municipal Code.
- **Actions Requiring Council Approval:** License Agreements or Ground Lease Agreements governing new construction, new type of use, new area of use, or which include a term that exceeds three years shall be approved by the City Council. Agreements that require City Council Approval will be presented to the Airport Committee for input and consideration prior to being formally presented to City Council.
- **Right to Inspect:** The City reserves the right to enter and inspect the referenced property after providing reasonable notice of the intended date and time of the inspection.

## SECTION 4 - USE

The primary use of the Airport is for commercial and non-commercial aviation activities, however the Airport may approve exceptions for non-aviation commercial activities on a case-by-case basis. Use of Airport property shall be consistent and in compliance with the Airport's Master Plan, the Lincoln Regional Airport Land Use Capability Plan, the City's Municipal Code, the City's General Plan, and all applicable local, state, and federal regulations that apply.

Additionally, in accepting federal and state grants for the development of the Airport, the City has assumed numerous obligations pertaining to the operations, use, and maintenance of the airport. Most of the federal obligations are embodied in federal grants awarded to the Airport as sponsor assurances and legally bind the City to comply with their provisions. Many of the obligations that relate directly to the leasing of Airport land are contained in the FAA Order 5190.6B (Airport Compliance Manual) as well as in the FAA publication entitled *Airport Sponsor Assurances* (3/2014).

The granting of an exclusive right to provide aeronautical services at an Airport that has received federal funds is forbidden by federal law. An exclusive right is a power, privilege, or other right excluding or debarring another from enjoying or exercising a like power, privilege, or right. The City will not grant any such special privilege or monopoly in the use of public-use Airport facilities. FAA rules allow the City to retain the right to be the sole fuel provider at the Airport as long as the City is the only fuel provider at the Airport. If the City

decides to utilize a contract fuel service provider, the City would not be able to grant an exclusive opportunity to any one entity to provide this service.

The presence on the Airport of only one Lessee engaged in a particular service will not, in and of itself, indicate that an exclusive right has been granted. However, it is the policy of the City not to enter into or promote any understanding, commitment, or express agreement to exclude any reasonably qualified Lessee. The opportunity to engage in an aeronautical activity shall be made available to those meeting reasonable qualifications and standards relevant to such activity and given that adequate space is available at the Airport.

## **SECTION 5 - COMMERCIAL ACTIVITIES**

All commercial activities are subject to the City's Commercial Minimum Operating Standards established by the Airport that set the minimum requirements for the conduct of any type of commercial activity at the Airport. All Commercial entities shall obtain a Commercial Business Permit issued by the City in order to operate a business at the Airport. All commercial businesses shall also obtain a City-issued Business License to operate a business within the City.

## **SECTION 6 - AGREEMENTS FOR USE**

Multiple types of agreements exist to allow for use of Airport land and facilities. Agreements covered under this Policy are listed below and may be subject to change without revision of this Policy so long as the Agreement complies with the key terms and conditions:

- A. Master Ground Lease:** A lease executed between the City and a commercial entity that either constructs new buildings or takes possession of existing aircraft hangars that are intended for sublease or assignment through sale. The term of a Master Ground Lease is typically a function of the amount of capital investment associated with the lease.
- B. Commercial Office and/or Hangar Ground Leases:** A lease between the City and an entity who own buildings attached to Airport Land from which they operate commercial businesses for either aviation or non-aviation purposes.
- C. License Agreements:** A license allowing an entity to use a portion of the facility on a non-exclusive basis.
- D. Tie-Down Agreements:** An agreement allowing aircraft owners to rent space on Airport land. Agreements can be monthly or annual. Transient aircraft parking is allowed for a time period of up to 30 days within any one year period. The City may

grant an extension to the allowed time for transient parking.

- E. Portable Hangar Ground Lease:** A lease between the City and tenants who install portable hangars on Airport Land. Under this type of agreement, the tenant rents, on a month-to-month basis, Airport Land in an area specified for this type of use and places a portable hangar in the designated space. The portable hangar is the property of the tenant and may be sold at any time to another party and retained in its space, provided the new owner submits an application to the Airport and is approved to enter into a new Portable Hangar Ground Lease.
- F. City-Owned Hangar Lease:** A Lease or monthly rental Agreement between the City and an entity wishing to occupy City-owned hangars. The City owns several different sizes of hangars at the Airport which are rented for the purpose of storing aircraft and/or conducting commercial aviation-related activities. These leases shall have a minimum term of six months, which is renewable under the terms of the Agreement.

## SECTION 7 - AGREEMENT PROCESS

The process followed during the application for and execution of any agreement is dependent on the type of agreement being executed. They are as follows:

- A. New Construction Master Ground Lease or Ground Lease:** Individuals or entities wishing to enter into a Master Ground Lease or Commercial or Non-Commercial Hangar Ground Lease with the City for the purpose of constructing new hangars, office space, or other improvements shall be required to submit an initial proposal outlining the following:
- 1) General Site Plan identifying all proposed capital improvements, such as structures and proposed infrastructure improvements.
  - 2) Narrative Description describing the proposed occupancy and the activity to be conducted on the premises.

Upon receipt of the above, the City will review the initial proposal for compliance with the Airport Layout Plan, the City's General Plan, and the Airport Land Use Capability Plan to determine if the proposed use is allowed. Upon completion of this review, the City will provide notification to the applicant as to whether or not the proposed development has received preliminary approval. If approved, the applicant will then follow the process outlined below:

- 1) **Application:** All interested parties for a commercial operation must submit an application to the Airport and any financial information or other documentation required by the City.

- 2) **Application Evaluation Process:** Following the receipt of an application, the City Manager or designee shall evaluate, on a fair and equitable basis, the application and the information received. During this process the applicant may be requested to provide additional information. The City will review all applications within 14 days of the receipt of the completed application and required information. The purpose of the application evaluation process is to review and confirm the information provided on the application. If an applicant is denied or not complete, the City will notify the applicant at such time.
- 3) **Lease Negotiation:** Upon preliminary acceptance of the application, the City Manager or designee shall begin negotiations with the applicant regarding the key terms and conditions (including rents, fees, required capital improvements, term of lease, and other charges). While the City may negotiate key terms and conditions, many provisions have been established to ensure uniformity and consistency among Agreements and/or are required by the FAA. Typically, the key terms of the negotiation will be presented to City Council for review in a closed-session City Council Meeting.
- 4) **Draft Lease:** Upon completion of the negotiation of the key terms of the Lease, the City will initiate the draft of the Lease consistent with the terms negotiated. Upon completion of review and revision of the draft Lease by both parties, the Lease will be finalized and the applicant will sign the Lease and provide any other documents which are a condition of the Lease. This may include, but not be limited to a certificate of liability insurance and certificate of insurance for each aircraft to be stored on the facility.
- 5) **Formal Lease Approval:** Once finalized, the Lease will be presented for input to the Airport Committee and then to City Council for formal consideration.
- 6) **Lease Execution:** Once approved by City Council, the lease will be executed.

**B. Tie-Down Agreements:** The process for securing a Tie-Down Agreement is as follows:

- 1) **Tie-down Application and Agreement Submittal:** The Tie-Down Application and Agreement shall be submitted to the Airport Office with first month's rent (See Airport Master Fee Schedule for rental amount).
- 2) **Application Review and Processing:** The City will review the application and, if accepted, the applicant will furnish the following additional information prior to execution of the Agreement and occupation of the tie-down location:
  - Contact information for all individual owners of the aircraft or (in the

- case of partnership, company, or club) one designated party
- Certificate of Insurance
- Aircraft owner and registration information

If the application is not accepted, the applicant will be notified of the reason for denial and the deposit will be refunded.

- 3) Agreement Execution and Assigning of Spot:** Upon receipt of these documents and the execution of the agreement, the Tenant shall be assigned a space on the ramp.

**C. Portable Hangar Ground Lease Agreements:** The process for securing a Portable Hangar Ground Lease agreement is as follows:

- 1) Application:** Application shall be submitted to the Airport Office with a deposit representing two months' rent (See Airport Fee Schedule for rental amount).
- 2) Application Review and Processing:** The Application shall be reviewed by the City Manager or designee and, if accepted, the applicant shall submit the following prior to occupation:
  - Contact information for all individual owners of the Portable Hangar or (in the case of partnership, company, or club) one designated party
  - Certificate of Insurance
  - Aircraft Owner and Registration Information
  - Photograph of the Hangar

Portable hangars will be painted in a color that matches the portable hangars located in the same row. If that color is not available, the portable hangar shall be painted a color subject to approval by the City.

If the application is not accepted, the applicant will be notified of the reason for denial and the deposit will be refunded.

- 3) Agreement Execution:** Upon receipt of these documents, the City and the tenant shall execute the specified agreement. The tenant shall comply at all times with the terms and conditions of their agreement and adhere to all applicable rules, policies, and regulations.
- 4) Assignability.** This agreement is not assignable nor may the tenant sublet their space to another tenant. A new owner or occupant must sign a new Portable Hangar Ground Lease Agreement.



**D. City-Owned Hangar Lease Agreement:** The process for securing a City-Owned Hangar Lease is as follows:

- 1) Application:** An application shall be submitted to the Airport Office with a deposit of \$400.
- 2) Application Review and Processing:** The Application shall be reviewed by the City Manager or designee and, if accepted, the applicant shall submit the following prior to occupation:
  - Contact information for all individual tenants or (in the case of partnership, company, or club) one designated party
  - Certificate of Insurance
  - Aircraft Owner and Registration Information
- 3) Agreement Execution:** Upon receipt of these documents, the City and tenant shall execute the specified Agreement and the tenant shall be assigned a hangar. If the application is not accepted, the applicant will be notified of the reason for denial and the deposit will be refunded.
- 4) Assignability:** This lease agreement is not assignable nor may the tenant sublet to their space to another tenant. A new occupant must process and sign a new Agreement.
- 5) Subleasing:** Subleasing may only occur for a term of less than 60 days and must be approved by the City.

## **SECTION 8 - ESTABLISHMENT OF LEASE RATES, RENT, AND OTHER FEES**

Lease and rental rates for the rental of City-owned hangars, tie-down spaces, and portable hangar spaces will be established by the City Council and included in the City's Master Fee Schedule. Rates for ground leases for new construction, master ground leases, and other longer-term leases will be established at the time of lease negotiation. In general, the City will establish market-rate lease and rental rates based on comparable leases of comparable spaces within the region.

Each new lease and/or agreement shall include a provision to automatically increase rent annually. Each lease shall also include a five-year lease rate reset provision that will allow the City to conduct a market study to evaluate and reset rents to fair market value.

Requests by non-profit clubs and/or organizations for below-market lease rates must be approved by City Council.



The City reserves the right to evaluate rent increases on a case-by-case basis. Tenants shall be notified and rent changes shall be reflected at the maturity of existing agreements or as specified for longer-term leases.

The intent of establishing fees for use of the Airport is to recover costs associated with the maintenance and operation of the airport. As such, the City has also established fees for landing, transient parking, application processing, lavatory service, fuel service call-outs, and other products and services. The City reserves the right to consider and enact new fees or modify existing fees.

## **SECTION 9 - PAYMENT OF RENT, FEES AND OTHER CHARGES**

All payments shall be made to the City's Support Services Department located at 600 Sixth Street, Lincoln, California 95648. Statements shall be sent on the 15<sup>th</sup> of each month and payment will be due on the 1<sup>st</sup> of the month, unless specific terms of the agreement allow for other payment options. Tenants must pay rent in advance, however they may elect to pay on a monthly, annual, or semiannual basis.

Payments not received by the 5<sup>th</sup> of the month will be considered late and subject to a late fee as specified in the terms of the lease agreement or the City's Master Fee Schedule. Non-payment will be considered a default of the lease agreement and all defaults will be remedied as provided for in the lease agreement.

## **SECTION 10 - LEASE TERMS**

The City retains the flexibility to enter into leases that appropriately balance the needs of the tenant and the City. This is accomplished through a standard term or a standard term plus optional periods. Both long and short term leases exist and are described below:

- **Short-Term:** City-Owned Hanger Leases, Tie-down Agreements, and Portable Hangar Ground Leases are considered short-term leases. The terms of these leases are month-to-month with a minimum of six months with an option to cancel. Cancellation of short-term leases or agreements requires a 30-day written notice submitted to the Airport Office.
- **Long-Term:** Leases that involve new construction or significant capital investment shall be long-term leases. In no case shall the initial term of a long-term lease exceed 30 years. In no case shall the standard term plus the option periods result in a total lease term that exceeds 50 years.

In order for a tenant or lessee to exercise an option period (if included in the lease), the following conditions must be met:

- The lease must not be in default at the time the option period is exercised
- Any improvements on the leased area shall be structurally sound and capable of safe and legal occupancy
- The City may require inspection of the premises
- The lessee shall provide written notice of desire to extend lease

## **SECTION 11 - LEASE AMENDMENT, LEASE ASSIGNMENT, OR LEASE SUBLETTING**

The City recognizes that a Lease Agreement may require an amendment and that a Lease may be assigned to a new entity if the property is sold. The process for a Lease Amendment and Lease Assignment is as follows:

- **Lease Amendment:** If both the City and the Tenant mutually desire to amend the terms of an existing agreement, the parties may enter into negotiations to do so. Short-Term Leases for City-owned hangars or individual portable hangars will not be amended on an individual basis. Major amendments of a Long-Term Master Ground Leases or Ground Leases require approval by City Council.
- **Lease Assignment:** Most long-term leases include a provision allowing for assignment of the Lease to a new party. No assignment of any Lease may be made without the express prior written consent of the City, which shall not be unreasonably withheld. In no event, shall the Lessee assign any Lease or any interest, unless:
  - The Lease is not currently in default
  - The assignment is in writing, is duly executed, and is acknowledged by the Lessee and the assignee in a form satisfactory to the City
  - The assignee assumes and agrees to perform and observe all the agreements, covenants, and conditions of the Lease
  - An executed copy of the Lease assignment documents is provided to the City
- **Subleasing:** Long term (more than 60-days) subleasing of City-owned hangars and subleasing of ground leases for individual portable hangars is prohibited, except where specifically authorized by the City. Any sublease shall be subject to and subordinate to the original Lease and the rights of the City. The sublease shall not exceed the term of the original Lease and shall terminate upon termination of the original lease either by default or expiration.

## **SECTION 12 INSURANCE REQUIREMENTS**

All Lessees or Tenants are required to provide a copy of the Certificate of Insurance for their aircraft showing minimum coverages as required by the City's Municipal Code §20.04.050.

## **SECTION 13 - WAITING LIST**

The City maintains a Waiting List for individuals who desire space at the Airport when there are no City-owned hangars or tie-down spaces available. Any individual or entity found in default of any agreement with the City, or in violation of any Airport rule, regulation, or requirement shall not be eligible to be placed on the Waiting List.

To be placed on the Waiting List, the party shall notify the Airport Office of their desire to do so. Those individuals or entities placed on the Waiting List are responsible for providing a current mailing address, email address, and telephone number to the Airport Office. When a space or hangar comes available, the person at the top of the Waiting List shall be contacted first. Once contacted, the party will have 24 hours to claim the space and 72 hours to provide all required paperwork to the Airport to formally apply for the available space. If the party contacted fails to respond or fails to provide the required paperwork and/or application, the next individual on the list shall be contacted.

When a party is notified that a space is available they will be required to follow the application process designated for the particular use. If a party declines, they may keep their spot on the Waiting List. The Waiting List shall be publically posted at the Airport office. Any fees charged to be placed on the Waiting List shall be identified on the Master Fee Schedule.